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Analysis of the FLINT, MICHIGAN HOUSING MARKET

as of June 1, 1969

A Report by the

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

FEDERAL HOUSING ADMINISTRATION

WASHINGTON, D. C. 20411

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FHA Housing Market Analysis Flint, Michigan, as of June 1, 1969

Foreword

This analysis has been prepared for the assistance and guidance of the Federal Housing Administration in its operations. The factual information, findings, and conclusions may be useful also to builders, mortgagees, and othersconcerned with local housing problems and trends. The analysis does not purport to make determinations with respect to the acceptability of any particular mortgage insurance proposals that may be under consideration in the subject locality.

The factual framework for this analysis was developed by the Field Market Analysis Service as thoroughly as possible on the basis of information available on the "as of" date from both local and national sources. Of course, estimates and judgments made on the basis of information available on the "as of" date may be modified considerably by subsequent market developments.

The prospective demand or occupancy potentials expressed in the analysis are based upon an evaluation of the factors available on the "as of" date. They cannot be construed as forecasts of building activity; rather, they express the prospective housing production which would maintain a reasonable balance in demand-supply relationships under conditions analyzed for the "as of" date.

Department of Housing and Urban Development Federal Housing Administration Field Market Analysis Service Washington, D. C.

FHA HOUSING MARKET ANALYSIS - FLINT, MICHIGAN AS OF JUNE 1, 19691/

The Flint, Housing Market Area (HMA) is defined as Genesee County Michigan. The HMA, located in east central Michigan, has a current population of 462,900, most of which is concentrated in the city of Flint and immediately adjacent areas. The economy is heavily dependent upon manufacturing industries and particularly upon the production of automobiles and automobile parts.

Nonmanufacturing wage and salary employment increased by 600 (net) during the 1966-1968 period. Increases in nonmanufacturing industries balanced net declines in manufacturing during the period. Employment cutbacks did not seriously affect the housing market, and the construction volume has remained fairly stable in recent years. The renter vacancy rate declined, while the homeowner vacancy rate stabilized at 1.1 percent, the result of increased population and household growth, as well as significant unit demolitions. During the next two years, employment growth is expected to be slight, but continued demolitions and new household formation will permit past construction levels to continue.

Anticipated Housing Demand

Barring unexpected changes in the local economic, demographic, and housing factors taken into consideration in this analysis, an average annual demand for 3,500 new privately financed housing units is projected for the Flint HMA during the two-year forecast period ending June 1, 1971, including about 400 added mobile homes.

Data in the analysis are supplementary to a previous analysis of the area as of November 1, 1967.

The most successful demand-supply relationship in the housing market will be achieved if the new units added (other than mobile homes) consist of 2,000 single-family homes and 1,100 multifamily rental units. The annual demand levels are lower than recent construction volumes, but population and household growth are expected at a slower level than that of the 1967-1969 period. Table I presents the demand for single-family houses by price ranges and for multifamily units by monthly gross rents.

Occupancy Potential for Subsidized Housing

Federal assistance in financing costs for new housing for low or moderate income families may be provided through four different programs administered by FHA --monthly rent-supplement payments, principally in rental projects financed with market-interest-rate mort-gages insured under Section 221(d)(3); partial payments for interest for home mortgages insured primarily under Section 235; partial payment for interest for project mortgages insured under Section 236; and below-market-interest-rate financing for project mortgages insured under Section 221(d)(3).

Household eligibility for federal subsidy programs is determined primarily by evidence that household or family income is below established limits. Some families may be alternatively eligible for assistance under one or more of these programs or under other assistance programs using Federal or State support. Since the potential for each program is estimated separately, there is no attempt to eliminate the overlaps among program estimates. Accordingly, the occupancy potentials discussed for various programs are not additive. Furthermore, future approvals under each program should take into account any intervening approvals under other programs which serve the same requirements. The potentials discussed in the following paragraphs reflect estimates adjusted for housing provided or under construction under alternative FHA or other programs.

The annual occupancy potentials for subsidized housing in FHA programs discussed below are based upon 1969 incomes, on the occupancy of substandard housing, on estimates of the elderly population, on April 1, 1969 income limits, and on available market experience. 2/ The occupancy potentials by size of units required are shown in table II.

^{1/} The occupancy potentials referred to in the analysis are dependent upon the capacity of the market in view of existing vacancy strength or weakness. The successful attainment of the calculated market for subsidized housing may well depend upon construction in suitably accessible locations, as well as upon the distribution of rents over the complete range attainable for housing under specific programs.

^{2/} Families with incomes inadequate to purchase or rent nonsubsidized housing generally are eligible for one form or another of subsidized housing. However, little or no housing has been provided under some of the subsidized programs, and absorption rates remain to be tested.

Section 221(d)(3) BMIR. If funds are available $\frac{1}{2}$, a total of about 290 units of Section 221(d)(3) BMIR housing probably could be absorbed annually during the next two years. The potential excludes 50 units currently under construction in Flint.

Rent-Supplement Housing. Under the rent-supplement program, there is an annual occupancy potential for 250 units, including 175 units for the elderly and 75 units for families. About 15 percent of the elderly families eligible for rent-supplement are also eligible under the Section 236 program.

Section 235, Sales Housing. Interest rate reduction payments by the federal government could provide sales housing for low- to moderate-income families under the provisions of Section 235. It is judged that there is an occupancy potential for about 220 units annually under the Section 235 program in the Flint HMA during the next two years using exception income limits. Under regular income limits, the potential would be slightly lower. All of the families eligible under Section 235 housing also are eligible under the Section 236 program and about 75 percent are eligible for Section 221(d)(3)BMIR housing.

Section 236, Rental Housing. In the Flint area, the annual occupancy potential under the Section 236 program is estimated at 455 units, including 375 family units and 80 units for elderly individuals and couples, using exception income limits. The use of regular income limits may decrease these potentials. All families eligible under this program are also eligible under Section 235, about 75 percent are eligible under Section 221(d)(3)BMIR, and about 40 percent of the elderly eligible under Section 236 also are eligible for rent-supplements.

The Sales Market

The market for new and existing sales housing in the Flint area has been stable in recent years, as indicated by the homeowner vacancy rate of 1.1 percent in 1967 and 1969. Construction of new single-family homes has continued at a level of around 2,350 annually since 1966, with an increasing number of homes being built on a contract basis. The fairly tight sales market has resulted from several factors, including the removal of many older, deteriorating units from the market by urban renewal and highway construction activities, and increasing household growth. Although single-family construction has occurred throughout the HMA, only certain areas have large subdivisions. An unsold inventory survey of the area reported 1,211 completions during 1968, of which 68 percent were built on a contract basis. The

^{1/} At the present time, funds for allocations are available only from recaptures resulting from reductions, withdrawals, and cancellations of outstanding allocations.

remaining homes were successfully marketed, and only 12 (3 percent) were unsold at the time of the survey. Nearly all of these unsold homes had just been completed. Substantial activity has continued in the area of Grand Blanc, south of Flint, where several subdivisions with homes priced over \$25,000 have been built, and where homes priced well over \$35,000 have been successfully marketed. In most of the other subdivisions developed recently throughout the HMA, however, most homes have been priced between \$22,500 and \$30,000. Relatively few homes priced under \$20,000 have been built, although some lower priced subdivisions have been developed in areas such as Swartz Creek and Mount Morris Township. Most of the development within the towns near the borders of the county, such as Flushing and Davison, has been directed toward Flint, and these areas are becoming more popular as the suburban spread continues.

The market within Flint is primarily in existing homes, with the average home selling for around \$22,000. Increasing costs of new homes have helped to strengthen the market for existing homes in recent years, and most homes are sold within a relatively short period of time.

The Rental Market

Prior to the mid 1960's, rental units in the Flint HMA were principally in older structures with two to four units. Since that time, several hundred new units have been built annually, and the absorption of these units has been good. The market for rental housing in the Flint HMA tightened somewhat in recent years, as indicated by the decline in the renter vacancy rate from 6.6 percent in 1967 to 5.6 percent in 1969. In part, the decline in the rental vacancy rate was the result of the removal of several hundred old rental units from the inventory by urban renewal activity.

Most of the rental units constructed in recent years have been located in Flint, Flint Township, and the area in and around Grand Blanc. These usually have been in moderate sized garden-type structures containing one- and two-bedroom units. With the exception of some luxury-type units, rentals usually have ranged from \$130-\$150 for one-bedroom units, and \$140-\$200 for two-bedroom units, excluding utilities. The rentals for the small number of three-bedroom units built in recent years range from \$220-\$270, excluding utilities.

Nearly all of the rental projects constructed in recent years have attained successful occupancy levels within short periods of time; those projects reported experiencing occupancy difficulties in 1967 no longer have these problems. The most successful units have been those offering the most amenities. In a recent survey covering 1,865 newer multifamily units, 18 were reported vacant, for a vacancy rate of about one percent. Of the 396 townhouses insured by FHA, none was vacant. Many of the units currently under construction have been rented in advance of completion.

The number of mobile homes in the area has increased in recent years, a trend which should continue during the next few years. In response to increased mobile home sales, the number of mobile home court spaces also has increased. Some parks are beginning to deteriorate, but remain competitive with newer parks because of location and low rental charges. Average monthly rentals for mobile home court spaces within Genesee County are \$45-\$55, excluding gas and electricity. Some parks also charge extra for children, because of school taxes. The most successful parks have been those located closest to Flint; parks reporting high vacancies are usually too far away from Flint to attract enough tenants. Although most mobile home parks are experiencing nominal vacancies, the 800 spaces expected to be completed during 1969 within the HMA, as well as spaces in advanced planning for 1970 should be sufficient to satisfy the anticipated demand from mobile home residents during the two-year forecast period.

Economic, Demographic, and Housing Factors

The estimated annual demand for 3,250 new housing units during the next two years is based on the development of employment, income, population, and housing variables described in the following paragraphs.

Employment. Nonagricultural wage and salary employment averaged 153,600 during 1968, an increase of 4,600 over the 1967 average of 149,000, but only 600 over the 1966 average of 153,000. The Flint area is highly dependent on manufacturing employment, which accounted for 54 percent of nonagricultural wage and salary employment in 1968. The fluctuations in employment between 1966 and 1968 were concentrated in the durable goods manufacturing sector in which employment dropped by 5,200 between 1966 and 1967 and increased by 3,300 from 1967 to 1968. Labor management disputes in the auto industry in 1967 seriously affected manufacturing production in Flint. Although local firms were not directly involved in the disputes, union regulations pertaining to all industry employees resulted in decreased production levels. Disputes within certain auto-related firms also had a dampening effect on employment and on auto production in Flint. By 1968, auto production had increased, but employment within the auto industry in Flint did not reach former levels. Whether the jobs are considered to be in transportation equipment (which accounts for 40 percent of the jobs in the area) or fabricated metals, or other durable goods, employment in durable goods industries in the area is dependent upon automobile manufacturing, and specifically the production of Buick and Chevrolet automobiles and parts at local General Motors plants.

Concurrent with losses in manufacturing employment in 1967, employment in wholesale and retail trade declined by 900 and increased by only 200 in 1968. Most of the other nonmanufacturing industries experienced stable or increased levels and the nonmanufacturing employment increased by 1,200 annually during the 1966-1968 period.

Total nonagricultural wage and salary employment is expected to increase by about 1,500 jobs annually during the next two years. Manufacturing gains have been minimal in recent years, particularly within the automotive industry. The proportion of total national automobile production at Flint plants has declined in recent years and this trend is expected to continue during the two-year forecast period. Even if the makes and models of automobiles produced in the area enjoy continued success, only slight employment increases are expected as a result and the total job gain in manufacturing industries is not expected to exceed 300 jobs annually. A large part of the manufacturing gain will be the result of plant expansion by one of the area's larger firms. As in the past years, the employment levels within the auto industries during the forecast period are dependent upon nationwide trends within the industry and the economy as a whole. About 1,200 jobs will be absorbed in the nonmanufacturing industries, primarily in trade, services, and government.

Income. As of June 1, 1969, the median annual income of all families in the Flint HMA, after the deduction of federal income tax, was \$8,575 and the median income of all renter households of two or more persons was \$6,575. By 1971, median incomes are expected to increase to \$8,950 and \$6,850, respectively.

Population and Households. The population of the Flint HMA was 462,900 as of June 1, 1969, an increase at the rate of 9,800 (2.2 percent) a year since November 1967, compared with 11,450 yearly between 1964 and 1967 and 8,400 annually from 1960 to 1964. The decline in employment in 1967, reflecting cutbacks in the auto industry during that year, affected demographic trends as migration to the area declined considerably. Most of the population increases that occurred during the 1967-1969 period were in the suburban areas outside of Flint. Population increases are expected to taper off and average 8,050 annually during the next two years. Declining birth rates, as well as decreased in-migration will result in the slower population increase.

There were an estimated 129,050 households (occupied housing units) in the Flint HMA as of June 1, 1969, an annual increase of 3,000 since November 1967. During the 1960-1967 period, household growth averaged 2,525. The pattern of household growth closely parallels the growth in population during the 1960-1969 period. The household increase was especially significant in the area outside of Flint City, as most of the new construction in recent years has occurred in such areas as Flint Township and Grand Blanc Township. On the basis of anticipated population increases and a slight change in household size, the number of households in the HMA is expected to increase by about 2,750 annually, to a June 1, 1971 total of 134,550.

Housing Inventory. As of June 1, 1969, there were 136,250 housing units in the Flint HMA, a net gain of 4,450 units since November 1, 1967. The net addition of 4,450 units was the result of the construction of 4,750 units, the addition of 750 units because of trailer movement into the area, and the loss of 1,050 units through demolition and other causes. A total of 1,600 units were under construction, including 900 single-family homes and 700 multifamily units.

Since 1965, when 4,383 units were authorized, the number of units authorized for residential construction has averaged about 3,450 units annually, with yearly volumes declining to 3,332 in 1968. During the first four months of 1969, about 1,251 units have been authorized. The number of permits for single-family houses has declined slightly since 1965, reflecting increasing costs of construction and financing. This trend is expected to continue during the next few years. Although new homes have been constructed in nearly all areas of Genesee County, the largest concentrations of homes have been in Flint Township and Grand Blanc Township. Multifamily construction levels have also been stable in recent years, with most of the new units located in Flint, Flint Township, and Grand Blanc Township.

<u>Vacancy.</u> There were about 7,200 vacant housing units in the Flint HMA as of June 1, 1969. Included were 1,100 units which were available for sale, 1,700 units available for rent, and 4,400 units which were dilapidated, rented or sold and awaiting occupancy, or held off the market for other reasons.

Vacant units available for sale or rent as of June 1, 1969 represented homeowner and renter vacancy rates of 1.1 percent and 5.6 percent, respectively. The homeowner vacancy rate is equal to that recorded in 1967, while the renter vacancy rate declined from 6.6 percent at that time.

Estimated Annual Demand for New Single-family Housing

Flint, Michigan, Housing Market Area

June 1, 1969-June 1, 1971

Price range	Number of units	Percent of total
\$15,000 - \$17,499	260	13
17,500 - 19,999	320	16
20,000 - 22,499	620	31
22,500 - 24,999	220	11
25,000 - 29,999	240	12
30,000 - 34,999	120	6
35,000 and over	220	11
Total	2,000	100

Estimated Annual Demand for Additional Multifamily Housing Flint, Michigan, Housing Market Area June 1, 1969-June 1, 1971

Gross monthly renta/	One bedroom	Two bedrooms	Three or more bedrooms
\$150 - \$169	300	-	-
170 - 189	100	130	-
190 - 209	45	160	-
210 - 229	20	95	35
230 - 249	15	50	20
250 - 269	-	40	20
270 and over	••	_30	40
Total	480	505	115

a/ Gross rent is shelter rent plus the cost of utilities.

Source: Estimated by Housing Market Analyst.

Table II

Estimated Annual Occupancy Potential Flint, Michigan, Housing Market Area June 1, 1969-June 1, 1971

A. Subsidized Sales Housing, Section 235

Eligible family size	Number of units a/
Four persons or less Five persons or more	165 _55
Total	220

B. Privately financed Subsidized Rental Housing

	Rent_Su	pplement	Section 236 ^b /		
<u>Unit siz</u> e	Families	Elderly	Families	Elderly	
Efficiency	-	145	-	55	
One bedroom	10	30	45	25	
Two bedrooms	30	-	155	<u>-</u>	
Three bedrooms	20	-	120	-	
Four or more bedrooms	<u>15</u> 75	- 175	<u>55</u> 375	- 80	
	20 <u>15</u> 75	- 175		- - 80	

- a/ All of the families eligible for Section 235 are also eligible for the Section 236 program. The estimates are based upon the use of exception income limits; the use of regular income limits may decrease these potentials.
- \underline{b} / Applications, commitments, and housing for elderly under construction under Section 202 are being converted to Section 236 in accordance with instructions issued March 7, 1969.

Nonagricultural Wage and Salary Employment

Flint, Michigan, Labor Market Areaa/

1966-1968

(Annual averages)b/

<u>1966</u>	<u> 1967</u>	<u> 1968</u>
153,000	149,000	153,600
84,700	79,500	82,800
80,400	75,200	78,500
13,70C)	13,100	13,400
63,800	59,400	62,500
2,900	2,700	2,600
4,300	4,300	4,300
1,600	1,600	1,600
2,700	2,700	2,700
68,300	69,500	70,800
5,600	6,200	5,600
5,100	5,000	5,200
24,000	23,100	23,300
3,500	3,600	3,800
14,200	14,900	15,600
15,900	16,700	17,300
	153,000 84,700 80,400 13,700 63,800 2,900 4,300 1,600 2,700 68,300 5,600 5,100 24,000 3,500 14,200	153,000 149,000 84,700 79,500 80,400 75,200 13,700 13,100 63,800 59,400 2,900 2,700 4,300 1,600 2,700 2,700 68,300 69,500 5,600 6,200 5,100 5,000 24,000 23,100 3,500 3,600 14,200 14,900

a/ Includes Genesee and Lapeer Counties.

Source: Michigan Employment Security Commission.

 $[\]underline{b}$ / Details may not add to totals because of rounding.

Estimated Percentage Distribution of Families and Renter Households by Annual Income

After Deduction of Federal Income Tax

Flint, Michigan, Housing Market Area

June 1, 1969 and June 1, 1971

		1969		1971
Annual income	All families	Renter households≛/	All <u>families</u>	Renter households <u>a</u> /
Under \$ 4,000	10	23	9	22
\$4,000 - 4,999	5	8	6	7
5,000 - 5,999	6	10	5	9
6,000 - 6,999	10	15	9	14
7,000 - 7,999	12	13	11	13
8,000 - 8,999	11	8	11	9
9,000 - 9,999	8	6	9	6
10,000 - 12,499	18	10	18	11
12,500 - 14,999	13	3	12	5
15,000 and over	7	4	<u>10</u>	
Total	100	100	100	100
Median	\$8,575	\$6,575	\$8,950	\$6,850

<u>a</u>/ Excludes one-person renter households.

Source: Estimated by Housing Market Analyst.

Table V

Population and Household Trends
Flint, Michigan, Housing Market Area
April 1960-June 1971

	April 1,	November 1,	June 1,	June 1,	Average annual change ^a /		
	<u>1960</u>	1967	1969	<u>1971</u>	1960-1967	1967-1969	1969-1971
Population HMA Total Flint Remainder	374,313 196,940 177,373	447,400 207,500 239,900	462,900 211,400 251,500	479,000 213,400 265,600	9,650 1,400 8,250	9,800 2,475 7,325	8,050 1,000 7,050
Households HMA Total Flint Remainder	105,188 58,592 46,596	124,300 61,850 62,450	129,050 63,300 65,750	134,550 64,300 70,250	2,525 435 2,100	3,000 915 2,085	2,750 500 2,250

a/ Rounded.

Sources: 1960 Censuses of Population and Housing.

1967-1971 estimated by Housing Market Analyst.

Table VI

Housing Units Authorized by Building Permits

Flint, Michigan, Housing Market Area

1960-1969

				2707						
	<u>1960</u>	<u>1961</u>	<u>1962</u>	<u>1963</u>	<u>1964</u>	<u>1965</u>	1966	1967	1968	<u>1969</u> ª/
HMA Total	1,795	1,698	2,420	2,912	3,331	4,383	3,619	3,431	3,332	1 051
Single-family	$\overline{1,787}$	1,626	2,250	2,310	$\frac{2,482}{2}$	$\frac{1,965}{2,965}$	$\frac{3,319}{2,328}$	$\frac{3,731}{2,380}$	2,293	1,251 828
Multifamily	8	72	170	602	849	1,418	1,291	1,051	1,039	4 23
Area										
Flint City	397	416	668	922	1,084	1,088	742	1,011	427	260
Burton Township	116	114	213	168	191	221	179	121	105	71
Davison Township	17	29	64	67	67	110	119	99	132	28
Flint Township	180	179	400	333	364	898	834	455	442	317
Flushing Township	2 9	39	53	83	103	113	88	85	93	20
Genesee Township	117	98	142	147	206	213	116	127	180	26
Grand Blanc City	56	80	84	154	112	219	102	54	147	26
Grand Blanc Township	81	9 8	187	322	358	399	335	267	504	109
Mount Morris Township	425	279	176	184	173	265	204	233	150	130
Swartz Creek City	13	4	17	4	19	130	131	71	34	6
Other areas	364	362	416	528	654	727	769	908	1,118	258

a/ First four months.

Sources: U.S. Bureau of the Census, C-40 Construction Reports; local building inspectors, Genesee County Metropolitan Planning Commission.

Table VII

Components of the Housing Inventory
Flint, Michigan, Housing Market Area
April 1960-June 1969

Tenure and vacancy	April 1,	November 1,	June 1,
	1960	1967	1969
Total housing supply Occupied housing units Owner-occupied Percent of total occupied Renter-occupied Percent of total occupied	112,876	131,800	136,250
	105,188	124,300	129,050
	83,538	97,250	100,400
	79.4%	78.2%	77.8%
	21,650	27,050	28,650
	20.6%	21.8%	22.2%
Vacant housing units Available For sale Homeowner vacancy rate	7,688	7,500	7,200
	4,378	3,000	2,800
	1,552	1,100	1,100
	1.8%	1.1%	1.1%
For rent Renter vacancy rate Other vacanta/	2,826 11.5%	1,900 6.6% 4,500	1,700 5.6%
other vacant-	3,310	4,300	4,400

<u>a</u>/ Includes vacant dilapidated units, units rented or sold and awaiting occupancy, and units held off the market for other reasons.

Sources: 1960 Census of Housing.

1967 and 1969 estimated by Housing Market Analyst.

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U.S. Federal Housing Administration
Analysis of the Flint, Michigan housing market